STATE OF IOWA

DEPARTMENT OF COMMERCE

UTILITIES BOARD

IN RE:

DOCKET NO. WRU-99-21-263

GTE MIDWEST INCORPORATED

ORDER DENYING REQUEST FOR WAIVER

(Issued June 22, 1999)

On May 17, 1999, GTE Midwest Incorporated (GTE) filed a request for a waiver of certain Board rules relating to establishing extended area service (EAS) in the Hopkinton, Iowa, exchange. In support of its request, GTE states that it received a customer petition in November 1998 for EAS between Hopkinton and the exchanges of Delhi, Earlville, and Monticello, Iowa. Pursuant to Board rules, GTE performed a study of the traffic between these exchanges to determine whether there is a sufficient community of interest to support the establishment of new EAS routes. The traffic from Hopkinton to Delhi and from Hopkinton to Monticello met the requirements of IOWA ADMIN. CODE 199-22.8(2)"b." Absent a waiver, Board rules require GTE to send ballots to its affected customers to determine whether they favor establishment of EAS. If 65 percent of the returned ballots are cast in favor of EAS, then EAS must be implemented.

GTE seeks a waiver of the balloting requirement. GTE states that it "has questioned for some time whether EAS is an [sic] viable service given the competitive toll and local service markets that exist in Iowa." As a substitute, GTE

offers tariffed service offerings called Local Calling Plans, optional intrastate one-way offerings that permit a residential or business customer to expand their local calling scope to all exchanges within a 30-mile radius. The Premium Calling Plan is priced at a flat monthly rate of \$50 for business customers and \$25 for residential customers, while the Community Plus Plan is priced at \$1 per month and \$0.09 per minute for residential and business customers. GTE offers Local Calling Plans in 167 of its 296 lowa exchanges.

The Local Calling Plan was offered to Hopkinton customers beginning in February 1999. GTE believes the plan is a superior option when compared to EAS and that a petition for EAS would not have been submitted if the Local Calling Plan had been available in November 1998. GTE requests a waiver of the EAS balloting requirements and states that "[a]fter evaluating the impact of the Local Calling Plans in Hopkinton, if customers are still interested in EAS, they could proceed per Board rules with a current petition for EAS."

The Board will deny the request for a waiver of the EAS balloting requirement. The usage study establishes that there is a sufficient community of interest between Hopkinton and Delhi and Hopkinton and Monticello to justify the cost of the customer ballot process. The Board does not have to decide on behalf of the customers of Hopkinton, based upon the information submitted by GTE, that Local Calling Plans are superior to EAS. That is a decision the customers may make for themselves, through the ballot process required by the Board's rules, and based (in part) upon

consideration of the possible cost of EAS. The customers would never have that information under GTE's proposal, but they will be able to make an informed choice through the ballot procedure. If sufficient customers believe the Local Calling Plans are superior to EAS, then the EAS vote will not reach the 65 percent majority requirement.

IT IS THEREFORE ORDERED:

The "Request [For] Waiver Of EAS Procedures And Requirements With Regard To Hopkinton" filed by GTE Midwest Incorporated on May 17, 1999, is denied.

/s/ Allan T. Thoms /s/ Susan J. Frye ATTEST: /s/ Raymond K. Vawter, Jr. /s/ Diane Munns Executive Secretary Dated at Des Moines, Iowa, this 22nd day of June, 1999.